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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000533

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SUBJECT: HSIEH AND SU THE FRONTRUNNERS IN FOUR-WAY RACE FOR
DPP PRESIDENTIAL NOMINATION

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: Premier Su Tseng-chang, former Premier Frank Hsieh, Vice President Annette Lu, and DPP Chairman Yu Shyi-kun have all formally joined the race for the DPP presidential nomination as long expected. The DPP hopes to select a single candidate through a month-long process of consultations led by President Chen. Because the two strongest candidates -- Hsieh and Su -- appear to be running neck and neck, this process may be difficult. If consultations do not produce a consensus candidate, the party will hold a presidential primary in May to determine who will face the Kuomintang candidate, expected to be Ma Ying-jeou, in the 2008 presidential election. End Summary.

¶2. (C) On March 6, Vice President Annette Lu (Hsiu-lien) became the first candidate to register for the Democratic Progressive Party (DPP) presidential primary. Three other candidates registered on March 8: DPP Chairman Yu Shyi-kun, Premier Su Tseng-chang, and former Premier Frank Hsieh (Chang-ting). All four candidates, the so-called "four great kings of heaven," have been preparing to run for president for the past year or more. Registration for the DPP primary closes on Friday, March 9, and it does not appear there will be any other candidates beyond the four who have already registered. AIT's contacts agree that Frank Hsieh and Su Tseng-chang are by far the strongest of the four DPP

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candidates.

Two Front-runners: Frank Hsieh . . .

¶3. (C) The four candidates all have deep roots in the DPP and share similar professional resumes, all having served as either elected county magistrate or city mayor and as an elected member of the Legislative Yuan (LY) or Provincial Assembly. Su, Hsieh, and Yu have also all served as Premier and DPP Chairman. Despite such similarities, there are also significant differences among the candidates. Only Hsieh and Lu have significant international experience, both having studied law overseas, Hsieh at Kyoto University and Lu at Harvard. Hsieh is known for his broad political vision and skill in debating. Unlike the other three candidates, Hsieh

has long been a heavyweight in DPP leadership politics and Chen Shui-bian's most important rival. A master networker, Hsieh enjoys broad support in the DPP, including from the Deep Green, despite his relatively moderate positions on cross-Strait issues and relations with the opposition. He also maintains good relations with important figures outside the party, including former President Lee Teng-hui. Hsieh's relations with the reformist New Tide faction are strained, however; he blames the New Tide for having betrayed him in the past. A coterie of legislators who are highly loyal to Hsieh provide an important force in his campaign team.

. . . and Su Tseng-chang

14. (C) Compared to Hsieh, Su Tseng-chang is more of a policy implementer than a thinker and has been one of the DPP's more effective Premiers. Hard working and demanding, Su has shown no compunction in publicly dressing down, or even firing, senior officials for poor performance. With the public, Su comes across as modest and congenial and having a strong sense of values, all of which have contributed to his popularity. Although lacking the polish and networking skills of a Frank Hsieh, Su has strong grassroots appeal and is a powerful political campaigner. Deep Green fundamentalists remain suspicious of Su for several reasons, including his close relations to the reformist New Tide faction, his support for increased cross-Strait economic relations, alleged disloyalty to President Chen, and his moderation and lack of pro-independence rhetoric. Su is working to improve his standing with the Deep Green, for example, by replacing China with Taiwan in the names of government-controlled entities.

Two Also-ran's: Annette Lu . . .

TAIPEI 00000533 002 OF 003

15. (C) Annette Lu, who has always been regarded as an outsider, a loner, and a "loose cannon," does not have a strong support base in the party. AIT's contacts regard Lu as unpredictable, lacking leadership capabilities, and having only vague and impractical ideas. For the past seven years, President Chen has kept Lu at arms length and out of the policy decision making process. Lu, who has established her own support organizations, does enjoy a measure of popularity with the general public, which she has been trying to expand through television interviews and other public activities.

. . . and Yu Shyi-kun

16. (C) Yu Shyi-kun, the weakest of the four candidates despite his close association with President Chen, has adopted a tough pro-independence line since becoming DPP Chairman last year, hoping to win Deep Green support. Responding to President Chen's new "four wants and one no" formulation, Yu has announced that he will renounce Chen's "five no's" commitments to the U.S. if elected president. Despite his efforts, however, Yu has not succeeded in winning support from the Deep Green, who view Yu as a lightweight compared to other candidates, especially Frank Hsieh. Yu has, however, managed to turn DPP reformers solidly against him, because Yu has done nothing to stop a series of harsh Deep Green attacks on the reformers. Yu is taking a leave of absence while he runs for the presidential nomination; legislator Trong Chai will serve as acting chairman.

Su Versus Hsieh

17. (C) In the contest between Su Tseng-chang and Frank Hsieh, Su enjoys an advantage in support from the general public, while Hsieh has stronger support within the DPP. The

Premiership gives Su the additional advantage of having a regular platform. Hsieh has boosted his popularity with a relatively strong showing in the Taipei mayoral election last December, and he is working to stay in the public eye through frequent public appearances. According to public opinion polling commissioned by Frank Hsieh, Hsieh and Su are running approximately even. Hsieh's polling also shows that a ticket of Hsieh and Su or Su and Hsieh beats probable Kuomintang (KMT) candidate Ma Ying-jeou.

Hoping to Avoid an Open Primary Battle

18. (C) Following candidate registration, the DPP enters a month-long consultation process, hoping the four candidates will reach agreement on who among them should represent the party against the KMT in the 2008 presidential election. Two main tools in this process are confidential polling to show how each candidate stacks up against the KMT's Ma Ying-jeou and lobbying efforts led by President Chen. During this period there may also be televised public debates among the candidates. If the DPP can select a candidate through the consultation process, that will avoid a potentially bitter primary battle that could open difficult-to-heal wounds before the presidential campaign and damage the party's chances in the presidential election. The very narrow gap between Hsieh and Su will likely make it difficult to reach a brokered arrangement. President Chen's initial consultation efforts, aimed at reducing the field, have not been successful. Frank Hsieh turned down Chen's request to accept Yu Shyi-kun as his running mate because Hsieh's polling showed that adding Yu to his ticket would cost rather than add votes.

19. (C) Presidential Office Secretary General Chiou I-jen recently told the Director that Chen Shui-bian's sole criterion in mediating this contest is to pick the candidate most likely to win. But he could be tempted to privately negotiate between Hsieh and Su over both ideology and -- perhaps more importantly -- which one of these two frontrunners is most likely to spare Chen a criminal investigation and possible jail time following his stepping down in May, 2008.

TAIPEI 00000533 003 OF 003

10. (C) If the consultations are unsuccessful, the DPP will hold a formal primary contest. This will include a vote by party members on May 6, which is weighted 30 percent, and public opinion polls conducted during the period May 7-28, which are weighted 70 percent. The DPP will officially name its presidential candidate on May 30.

YOUNG